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FILE



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Carol J. Schroeder  
Director - Separations

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FEDERAL COMMUNICATIONS COMMISSION  
December 4, 1992 OFFICE OF THE SECRETARY

Ms. Donna Searcy, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

In the Matter of:

Amendment of the Part 69  
Allocation of General Support  
Facility Costs

CC Docket No. 92-222

Dear Ms. Searcy:

Enclosed for filing are the original and nine copies of Cincinnati Bell Telephone Company's Comments in the Notice of Proposed Rulemaking CC Docket No. 92-222.

Also provided is a duplicate of this letter and the enclosures. Please date stamp and return this duplicate as acknowledgement of its receipt.

Sincerely,

Enclosures

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Amendment of the Part 69	)	
Allocation of General Support	)	CC Docket No. 92-222
Facility Costs	)	

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COMMENTS OF  
CINCINNATI BELL TELEPHONE COMPANY

Cincinnati Bell Telephone Company (CBT) hereby submits its initial comments in response to the Commission's Notice of Proposed Rulemaking released October 19, 1992 in the above-referenced docket.<sup>1/</sup>

I. Introduction.

In its NPRM, the Commission proposes to eliminate the over-allocation of General Support Facilities (GSF) costs to the special access and transport categories.<sup>2/</sup> Section 69.307 of the Commission's rules currently requires LECs to apportion GSF investment among categories based on investment in central office equipment, information origination/termination equipment, and

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<sup>1/</sup> Amendment of the Part 69 Allocation of General Support Facility Costs, CC Docket No. 92-222, Notice of Proposed Rulemaking, FCC 92-440, released Oct. 19, 1992 [hereinafter "NPRM"].

<sup>2/</sup> NPRM at para. 267.

cable and wire facilities excluding the investment in subscriber lines (Category 1.3).<sup>3/</sup> The Commission proposes to modify Section 69.307 by deleting the words "excluding Category 1.3," and invites interested parties to comment on its proposal. Further, the Commission requests comment on what should be included in the contribution charge if the Commission decides not to change Section 69.307 as proposed in the NPRM.

**II. The Commission Should Act Expeditiously To Adopt Its Proposal.**

CBT supports the Commission's proposal to modify Section 69.307 as proposed. Uneconomic subsidies must either be eliminated or explicitly recognized as public policy subsidies (e.g., lifeline assistance) that will be recovered by all carriers. CBT urges the Commission to act promptly in order to allow adequate time to incorporate the rule change into CBT's annual access filing development processes. The Commission should adopt the rule change by February 1, 1993, for an effective date of July 1, 1993. A timely rule change will allow CBT and other LECs to avoid the costs of preparing multiple access filings as well as the potential customer confusion caused by frequent rate changes.

**III. Contribution Charge.**

CBT urges the Commission to adopt its proposed rule change in lieu of a contribution charge. Any contribution charge would

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<sup>3/</sup> NPRM at para. 267.

be only an interim solution and would resolve only part of the over-allocation problem. Moreover, if the rule change is not adopted, the Commission will be faced with this issue again in connection with switched transport interconnection. CBT views the proposed rule change as the proper resolution to the over-allocation problem. Nevertheless, the Commission asks for proposals for calculating a contribution charge to recover over-allocated GSF expenses if the Commission does not adopt its proposed rule change.<sup>4/</sup> If Section 69.307 is not modified as proposed, the contribution element revenue requirement could easily be determined by the difference between (i) the revenue requirement determined by the current Part 69 rules and (ii) the revenue requirement determined by including Category 1.3 investment in the allocation of GSF expenses. The equitable recovery of that revenue requirement, however, is difficult. CBT investigated numerous alternatives for recovery of the GSF over-allocation through a contribution charge. The alternatives either levied unreasonable charges against the interconnectors or recovered revenues from LEC customers who would not benefit from competition. The result is that no equitable solution was found to recover the GSF over-allocation through a contribution charge rate element. Given that result, CBT emphasizes that the only appropriate method to correct the GSF over-allocation is to adopt

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<sup>4/</sup> NPRM at para. 269.

the proposed Part 69 rule changes and recover the costs as outlined in Section IV, below.

**IV. Impact Of Rule Change On Subscriber Line Charge.**

If the Commission adopts its proposed change to Section 69.307, CBT's Common Line category will experience a revenue requirement increase of approximately \$5.6 million. Due to the current caps on subscriber line charge (SLC) rates, however, the majority of that revenue requirement would flow through to the Carrier Common Line (CCL) rate element, thus forcing CCL rates to recover those costs and creating noneconomic incentives for carriers to seek alternative means to connect with customers in the LEC's service territory.

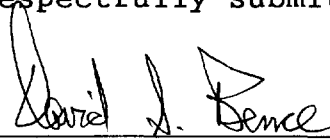
To alleviate the above-described problem, CBT proposes that the Commission modify Section 69.104 and Section 69.203. CBT proposes that residence and single line business rates be permitted to increase to a level equal to the multi-line rates, not to exceed the \$6.00 cap, until such time as the Commission addresses the entire issue of support flows and public policy objectives. Multiple line business customers and residence customers use the same facilities and should be charged equal rates. Otherwise, the environment of uneconomic incentives for bypass of LEC facilities will continue. In today's competitive marketplace, non-cost based support flows cannot be maintained.

**V. Conclusion.**

CBT urges the Commission to adopt promptly its proposed modification to Section 69.307 of its rules, to be effective

July 1, 1993. In addition, CBT urges the Commission to modify Section 69.104 and Section 69.203 to help eliminate non-cost based support flows.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "David S. Bence", is written over a horizontal line.

William D. Baskett III  
Thomas E. Taylor  
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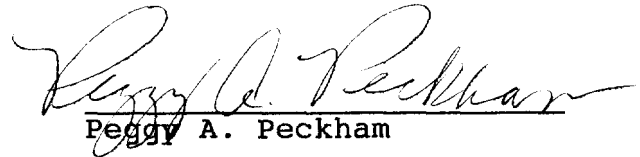
Attorneys for Cincinnati Bell  
Telephone Company

Dated: December 4, 1992

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CERTIFICATE OF SERVICE

I, Peggy A. Peckham, do hereby certify on this 4th day of December, 1992, that I have caused a copy of the foregoing **COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY** to be mailed via first class United States mail, postage prepaid, to the persons on the attached service list.

  
Peggy A. Peckham

Ms. Donna Searcy, Secretary \*  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

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Common Carrier Bureau  
Federal Communications Commission  
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